

ANALYSIS OF CSR IMPLEMENTATION AND CURRENT RATIO ON STOCK PRICES OF CONVENTIONAL BANKING LISTED ON IDX 2016-2020

Devi Dias Pradani¹, Anny Widiasmara²

Accounting Department, Faculty of Economics and Business, Universitas PGRI Madiun, Indonesia^{1,2}

E-mail: dias333maret@gmail.com¹, anny.asmara@gmail.com²

Abstract: There are several ways that can be used by investors in determining whether or not a company is good. Such as looking at the way in which CSR has been implemented by the company or looking at the company's annual financial statements. According to Untung (2009:1): "Corporate Social Responsibility" is the commitment of the company or the business world to contribute to sustainable economic development by paying attention to corporate social responsibility and focusing on sustainability between attention to economic, social and environmental aspects. The purpose of this research is to provide scientific evidence that Current Ratio and CSR can affect stock prices. This type of research is quantitative research. With descriptive statistical test research methodology, multiple linear regression analysis and t test. With a sample of 20 conventional banking companies at www.idx.co.id. The test results show that the current ratio and CSR variables have a significant effect on stock prices.

Keywords: CSR, CR, Stock Prices

1. Introduction

According to Untung (2009:1): "Corporate Social Responsibility" is the commitment of the company or the business world to contribute to sustainable economic development by paying attention to corporate social responsibility and focusing on sustainability between attention to economic, social and environmental aspects. With CSR in a company, it is expected that more investors will invest in the company. So that the company will be able to develop the company's work program that was previously delayed. According to Elkington (1997) the concept of CSR can be measured through 3 aspects that are interrelated and cannot be separated from each other, namely profit, people, and planet (3P) which describe the relationship between profit, human resources and the environment. In an article published in <https://sikapiuangmu.ojk.go.id/> the company's CSR activities are included in the company's corporate actions which the impact can change things that are fundamental in the company. Thus, it can affect the rise or fall of a company's stock price.

In addition, investors can also consider aspects of the company's health, one of which can be seen from the implementation of CSR. If investors start to see the extent to which a company's CSR implementation is to invest their capital, then the company should also apply more in the CSR field so that it will have a good impact on the company and the environment around the company. Every activity has a negative or positive impact. The positive impact that the company will get from the good implementation of CSR is that it can add bank

customers because of the high level of public trust. So that new workers can be absorbed from the community within the company (<https://www.ocbcnisp.com/>).

According to Kasmir (2016:134) the current ratio is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately when billed in their entirety. If the current ratio level is based on the formula proposed by Kasmir (2016:134) with a ratio value above 1.0 or more, it is declared good. That is, the company in paying the obligations that must be fulfilled by the company is considered capable and does not exceed the payment due date. So that when investors invest their capital in a company, they can see from the value of the company's current ratio what it looks like. Because there are many ways for investors to see the level of health. One of them is the current ratio with a value above 1.0. The higher the level of the company's current ratio, the better the stock price. On stock prices, this is in line with research conducted by Dharmastuti (2004) in Patriawan (2004). A good current ratio value can not only bring in investors but can also bring in new customers for the bank. So it is natural for a company to strive to be able to pay its short-term obligations.

Literature Review and Hypotheses

Stakeholder Theory

The definition of a stakeholder according to Freeman and McVea (2001) is any group or individual who can influence or be influenced by the achievement of organizational goals. This stakeholder theory relates to CSR activities carried out by a company because a company is not an entity that only operates for its own interests but also for the benefit of the community around the company.

a. Corporate Social Responsibility

Corporate social responsibility is a concept that is owned by a company that has various responsibilities to all who have an interest in the company. According to Kotler and Nancy, CSR is an attitude and commitment of a company (organization) in order to improve the welfare of the community which is channeled through business practices and the contribution of company resources. The hypothesis that can be written is:

H1: Corporate Social Responsibility has a positive and significant effect on stock prices.

b. Current Ratio

Current Ratio is the ability of a company to pay its short-term obligations. Examples include debt and wages. This ratio is intended so that investors know the work of and entity is healthy or not. If the current ratio is more than one, it is declared healthy and if the ratio is below one, it is declared unhealthy. This can provide clues as to whether the entity has problems paying its current obligations or not. The following is the formula for calculating the company's current ratio value according to Kasmir (2016:134), namely:

$$\frac{\text{TOTAL CURRENT ASSETS}}{\text{TOTAL CURRENT DEBT}} \times 100\%$$

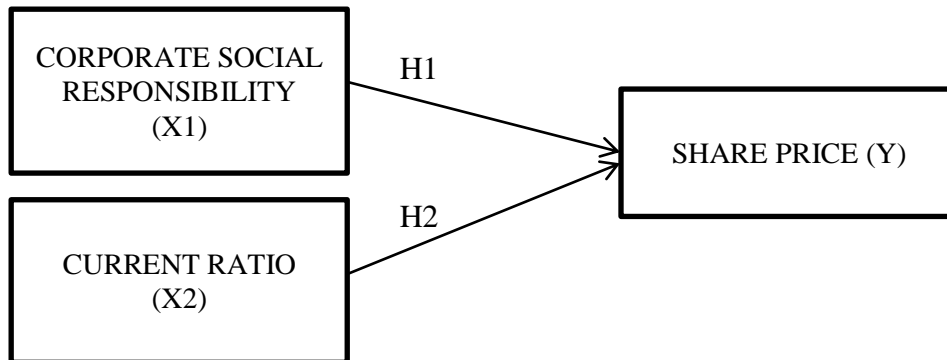
So that the hypothesis that can be written is:

H2: The current ratio has a positive and significant effect on stock prices.

c. Stock Price

The stock price is the value of a stock that reflects the wealth of the company that issued the shares, where changes or fluctuations are largely determined by the forces of supply and demand that occur in the stock market (secondary market). Shares at the end of the transaction (closing entries). The closing share price can be seen at <https://finance.yahoo.com/quote/%5EJKSE/history/>

FRAMEWORK OF THINKING



2. Research Method

Place and time of research

This research was conducted on the website www.idx.co.id from 2016-2020.

Population, Sample, and Sampling Technique

The population is a generalization area consisting of objects/subjects that have certain quantities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono, 2016: 135). While the sample According to Sugiyono (2011:81) "The sample is part of the number and characteristics possessed by the population." The population in this study amounted to 43 conventional banks listed on the IDX with a total sample of 20 conventional banks. The sampling technique was purposive sampling technique with the following sampling conditions:

- Conventional banking companies that publish annual reports for 2016 - 2020;
- 20 conventional banking companies that were not delisted during the period 2016 - 2020.
- Conventional banking companies that publish CSR indicators in their annual reports for the period 2016 – 2020.
- Data for general banking companies used are presented in full for the period 2016 – 2020.

Research Variables

The variables used in this study are the dependent variable (bound) and the independent variable (free). The dependent variable and the independent variable will be explained further as follows:

Description	Formula	Scale
Dependent variable		
Stock Price: According to Darmadji and Fakhruddin (2012:102) the stock price used is the final share price of the transaction (closing entries).	Closing entries of stock price	nominal
Independent variable	.	
Corporate Social Responsibility (CSR): According to (Prastowo and Huda 2011:17): CSR is a natural mechanism for a company to 'clean up' the huge profits it	$CSRDi = \frac{\sum Xi}{n}$	Dummy. With a score of 1 for items that are disclosed and a score of 0 for items

has earned.		that are not disclosed.
Current Ratio (CR): According to Kasmir (2016:134) the current ratio is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately when billed as a whole.	$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Debt}} \times 100\%$	Ratio

3. Results and Discussion

3.1. Results

Descriptive Statistics Test

This study uses the dependent variable (Y) namely stock prices in conventional or general banking companies and two independent variables (X), CSR or Corporate Social Responsibility, and the Current Ratio.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	100	3	30	12.85	5.870
CR	100	1.097	1.537	1.22005	.067833
STCK_PRICE	100	1.68	3.96	3.0113	.61177
Valid N (listwise)	100				

Source: SPSS data processing results, 2020

Based on the table above, it is known that the number of data (n) is 100 without outliers, so the data remains intact at 100. The following is an explanation of descriptive statistics, namely the minimum, maximum, and mean values for each variable:

1. The stock price variable (Y) has a minimum value of 1.68; maximum value of 3.96; average value of 3.0113
2. CSR variable (X1) has a minimum value of 3; maximum value of 30; the average value of 12.85
3. Variable Current Ratio (X2) has a minimum value of 1.097; maximum value of 1,537; the average value of 1.22005

Hypothesis testing

A. Multiple Linear Regression Analysis

Multiple linear regression analysis is a linear regression to analyze the magnitude of the relationship and the influence of independent variables whose number is more than two (Suharyadi and Purwanto, 2004: 508).

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.199	1.107		-.180	.858		
CSR	.043	.010	.409	4.235	.000	.920	1.088
CR	2.183	.870	.242	2.508	.014	.920	1.088

a. Dependent Variable: STCK_PRICE

Source: SPSS data processing results, 2020

The table above shows the results of equation 1 that the multiple linear regression equation is as follows:

$$Y = + 1 X_1 + 2 X_2 + \epsilon$$

$$\text{Share Price} = -0.199 + 2.183 \text{ CR} + 0.043 \text{ CSR}$$

The results of the multiple linear regression equation are as follows

- The constant in the test of stock prices shows a value of -0.199, so when the independent variable is zero, a value of -0.199 will be obtained.
- The regression coefficient on the Current Ratio variable is 2.183, which means that it is in the same direction as the stock price relationship of 2.183, so if the Current Ratio increases by 1 unit and changes in stock prices increase by 2.183.
- The regression coefficient on the CSR variable is 0.043, which means that it is in the direction of the stock price relationship of 0.043, so if CSR increases by 1 unit and changes in stock prices increase by 0.043.

B. t-Test

The t-statistical test was conducted to determine the effect of each independent variable on the dependent variable (Ghozali, 2018:98). This test is carried out with the criteria if the significance value <0.05 then the hypothesis is accepted and if the significance value > 0.05 then the hypothesis is rejected.

Coefficients^a

	Model	T	Sig.
	(Constant)	-.180	.858
1	CSR	4.235	.000
	CR	2.508	.014

a. Dependent Variable: STCK_PRICE

Source: SPSS data processing results, 2020

Based on the results of the t-test above, then:

- The Current Ratio variable shows a t-count value of 2.508 with a significance value of 0.014, which is less than 0.05, it is said that the Current Ratio has a significant effect on stock prices.
- The CSR variable shows a t-count value of 4.235 with a significant value of 0.000, which is less than 0.05, it is said that CSR has an effect on stock prices. Discussion

3.2 Discussion

Effect of Corporate Social Responsibility on Stock Prices

Based on the result of SPSS data processing above, it can be seen that CSR has a significant effect on stock prices. This is because CSR activities carried out by companies can have a long-term impact (Agus, 2019). The result of this study are in line with research conducted by Muhammad Fahmi and Herry Pumawan (2017) which states that CSR has a significant effect on stock prices.

Effect of Current Ratio on Stock Prices

Based on the results of SPSS data processing above, it can be concluded that the Current Ratio has a significant effect on stock prices. This is because the level of the company's ability to pay off its short-term obligations, in this case the short-term debt is said to be good. This is in line with research conducted by Muhannad Rizky Novalddin, Muhammad Nurrasvidin, Meita Larasati (2020) which states that Current Ratio (CR) has a significant effect on stock prices.

4. Conclusion

Based on the research data and discussion in the previous chapter, it can be concluded that the CSR variables and the Current Ratio have a significant effect on stock prices. Because CSR will have a good impact on the company directly or indirectly on the company's finances in the future. This is in line with research conducted (Agus, 2019) where CSR does not provide financial results in the short term, but CSR will provide good results directly or indirectly to the company's finances in the future

Reference

- Dwiyan, T., & Purnomo. (2019). Mekanisme GCG, ROA Terhadap Nilai Perusahaan dengan CSR Sebagai Variabel Moderating Titik. *Media Akuntansi*, 31, 107–124.
- Indah Rahayu Lestari, S. R. (2019). Pengaruh Pengungkapan Tanggung Jawab Sosial Perusahaan, Kepemilikan Manajerial, Rasio Hutang Terhadap Ekuitas, Dan Rasio Lancar Terhadap Harga Saham. *Jurnal Ekonomika Dan Manajemen*, 8(5), 55.
- Karina, D. R. M., & Setiadi, I. (2020). Pengaruh Csr Terhadap Nilai Perusahaan Dengan Gcg Sebagai Pemoderasi. *Jurnal Riset Akuntansi Mercu Buana*, 6(1), 37. <https://doi.org/10.26486/jramb.v6i1.1054>
- Li Harlyan. (2013). IV,V,LAMP,I-14-deo-FE. *Ledhyane.Lecture.Ub*.
- Muhammad Ikbali. (2019). Pengaruh Roa Dan Eva Terhadap Harga Saham Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Adz-Dzahab: Jurnal Ekonomi Dan Bisnis Islam*, 4(2), 21–29. <https://doi.org/10.47435/adz-dzahab.v1i2.337>
- Otoritas Jasa Keuangan. (2016). *Peraturan Jasa Keuangan Nomor 4 /POJK.03/2016 Tentang Penilaian Tingkat Kesehatan Bank Umum Lembaran Negara Republik Indonesia Tahun 2016 Nomor 16*.
- Pratami, A. D., & Juliarto, A. (2020). Dampak Csr Strengths Dan Csr Concerns Pada Kinerja Perusahaan Manufaktur Di Indonesia. *Diponegoro Journal of Accounting*, 9(3), 1–10. <https://ejournal3.undip.ac.id/index.php/accounting/article/view/29056>
- Qurrota A'yun. (2013). Pengaruh Pengungkapan Corporate Social Responsibility, Corporate Governance, Profitabilitas Dan Leverage Terhadap Agresivitas Pajak (Studi Empiris pada Perusahaan Pertambangan yang Terdaftar di BEI Tahun 2013-2017). *Journal of Chemical Information and Modeling*, 53(9), 1689–1699.
- Linanda, R., dan Afriyeni, W. (2018). Pengaruh struktur modal dan profitabilitas terhadap harga saham riko linanda. *Urnal Ekonomi Dan Bisnis Islam*, 135–144.
- Sulaiman, M. F., & Punawan, H. (2017). Pengaruh Pengungkapan Corporate Social Responsibility Terhadap Harga Saham Perusahaan Pertambangan Yang Terdaftar Di Bei. *BALANCE Jurnal Akuntansi Dan Bisnis*, 2(2), 295. <https://doi.org/10.32502/jab.v2i2.1181>
- Fiqih, B. A., & Merdiana, C. V. (2020). PENGARUH CURRENT RATIO, RETURN ON EQUITY, DAN DEBT TO EQUITY RATIO TERHADAP HARGA SAHAM

(Pada Perusahaan Konstruksi di Bursa Efek Indonesia Periode 2015-2017).

Jurnal Fokus Manajemen Bisnis, 8(1), 33.

<https://doi.org/10.12928/fokus.v8i1.1580>

Tabel Durbin- Watson (DW), $\alpha = 5 \%$. (2015). 0–1.